

~~CONFIDENTIAL~~

MEMORANDUM FOR: Acting Chief, Fiscal Division

SUBJECT : Reimbursement to Department of Defense for  
KW-26's

1. In connection with improvements of certain communications services this Agency will be billed by various services of the Department of Defense for equipments furnished by that Department. It has been agreed that this Agency will not reimburse Department of Defense establishments for pieces of equipment identified as "KW-26's".

2. It is my understanding that the various services in the Pentagon have been informed of this decision by the Office of the Secretary of Defense, however, if any bills are received from Defense elements charging us for KW-26's please forward the bills to this Office prior to payment in order that the matter can be clarified. It is essential that payments not be made for these items and if we are billed it is my intention to arrange for the deletion of these items from the bill prior to payment.

3. This matter has also been discussed with [redacted] of the Office of Communications and he is being furnished a copy of this memorandum.

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[redacted]  
Assistant Comptroller

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cc: C/Plans Staff, OC

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COMPT:CNM:vhj

Distribution:

Orig - Addressee

1 - C/PS/OC

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MEMORANDUM FOR THE RECORD

SUBJECT: Reimbursement to Department of Defense for KW-26's

1. Captain Charles E. Maples, U.S. Army Communications Security Agency, called and inquired about billings for equipments furnished under Orrick Committee Directives. He was informed that all items should be billed to this Agency and that the 1080 should be forwarded to this Office for handling. Subsequently, the matter was also discussed with Mr. Peterson in Captain Maples' Office and the same information was furnished to Mr. Peterson.

2. In discussions of the estimates for the 30 Day and Mid Range Programs Mr. Gardner, OSD (Budget), stated that it had been determined that this Agency should not reimburse the military services for KW-26's furnished by those services and therefore, should not claim reimbursement from OSD for KW-26's. This matter was discussed with [redacted] and again with Mr. Gardner and it was agreed that we would not pay for any KW-26's but it was pointed out that CIA desired to have title to the KW-26's with a clear understanding that the Agency would not be called upon to return this type of equipment to the respective services at a latter date. Mr. Gardner agreed to this and stated that he would discuss the matter with General Starbird. [redacted] was informed of this latter discussion.

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3. Subsequently, Captain Maples' Office was called and it was determined that he had been transferred. The question was therefore discussed with Mr. McKillip (189-2693). Mr. McKillip was informed that OSD had determined that we would not reimburse for KW-26's and asked him to omit billing this Agency for this type of equipment. We discussed their internal problem and Mr. McKillip indicated that some question had been raised and that they had therefore delayed submitting bills to us for equipments furnished pending a resolution of this particular point. He stated that they had a problem of locating funds with which to replace KW-26's furnished to the Agency. The question was then raised concerning the transfer of accountability. It was pointed out that it was our desire that the KW-26's should be transferred without any right of recoveries on the part of the military establishment concerned. Mr. McKillip indicated that he could understand our problem and that he would check into the matter and see if they could work out necessary procedures to relieve themselves of this equipment when it was transferred to us even though the transfer was made without reimbursement. He indicated that if he needed additional information or wanted to discuss other aspects of the matter he would call.

12/13/62 - Mr. Cullather (189-2411)  
advised that these were transferred to  
NSA and that delivery to the Agency was  
made by NSA.

[redacted]  
Assistant Comptroller

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